

for what I think is the right thing in invoking cloture. You can still vote against the appropriations bill for the District of Columbia if you think it is too much money and not done in the right way, and I might do that, but allow us to bring it up for consideration.

I yield the floor.

#### MORNING BUSINESS

The PRESIDING OFFICER (Mr. INHOFE). Under a previous order, there will now be a period of time to transact morning business until the hour of 12 noon, with Senators permitted to speak up to 5 minutes each, with the exception of the Senator from North Dakota [Mr. DORGAN] 20 minutes, and the Senator from Alaska [Mr. MURKOWSKI] 15 minutes.

Mr. LOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, I have 20 minutes in morning business; is that correct?

The PRESIDING OFFICER. We are in morning business until noon. The Senator has 20 minutes reserved.

Mr. DORGAN. Thank you very much.

#### INTERNATIONAL TRADE

Mr. DORGAN. Mr. President, today is not a particularly busy day in the Senate, as everyone can see. The Senate is not scheduled for action for a bit. We have one vote scheduled, and I think probably not much beyond that for the rest of the day. I had asked yesterday to take some time to discuss an issue today on the subject of international trade.

I noticed in this morning's paper, the Washington Post, an article that says "Trade Deficit in '95 Worst in 7 Years." This was not on the front page, but in the business section of today's paper.

I have talked on the floor of the Senate many times in the last 2 years on the subject of international trade. The reason I came to the floor today was not only because we were going to have the figures on what last year's trade deficit was in this country but also because there is in the party of the Presiding Officer an aggressive, raging, fascinating debate these days about trade issues. One candidate who is out on the hustings campaigning for votes is talking about trade in a particular way, and then several others are responding to it. It is somehow as if this were the first time trade was being discussed in this country.

I have been on the floor of the Senate at least 10 or 12 times in the last 2 years talking about international

trade. There are some trade myths that I want to talk about today. This will be the first of a series of presentations which I intend to make on trade. Today I will be dealing with the overview, and then in subsequent days I will be dealing with the problems that cause the trade deficit.

The reason I come to the floor is the myths that exist on trade that are now being perpetuated in the Presidential campaigns. These are generally myths spread around this town that are held dear by many people in this town:

First, "Balancing the Federal budget is important; reducing our Nation's trade deficit is not."

We have two deficits in this country. We have a budget deficit in the Federal Government. It hurts this country, and we ought to deal with it. People on both sides of the aisle are wrestling with the priorities of how do you solve the budget problem and put our budget in balance.

I know some on the other side say, "Well, we have all the answers," and some here say, "No; we have all the answers." The fact is everyone would like to do it the right way. We should balance the Federal budget, and we should do it with the right set of priorities. But, it is not the only deficit that matters. We have a trade deficit in this country that is very serious and that has been growing. As we address the budget deficit, we must also address this burgeoning trade deficit.

The second myth is that more free-trade agreements will eventually eliminate the trade deficits.

The more free-trade agreements we have, the higher the deficits have been. It is not more agreements that matters. It is the kind of agreements that counts. Are these trade agreements fair so that American workers and producers can compete and have an opportunity to win in international trade competition?

Another myth is that there is a common solution for our trade deficit problems with our trading partners: free trade.

There is not one common solution. Free trade is irrelevant if the trade is not fair.

Fourth is that trade deficits are not very important factors in the U.S. economy.

Trade deficits are critically important factors in our economy. They relate to what we produce. Those folks in America who measure our country's progress by what we consume rather than what we produce do not understand this. What an economy will be in the future is related to what it produces. The production of real new wealth is the source of the engine of progress for the future.

And, finally, the fifth myth is that seeking fair trade for America and a level playing field for our country equals protectionism.

I am not a big fan of Pat Buchanan. He is raising trade issues. Perhaps he is raising them in some ways I would not.

Some parts of his argument have some dark edges that I do not like. Yet the fact is every time someone raises the question of the trade deficit in this country, they are called a xenophobic protectionist stooge of some type. They are accused of wanting to build a wall around America, or labeled as one of a bunch of isolationists.

What a bunch of nonsense. You can stand up for the economic interests of this country, you can stand up for American producers and American workers, and you can stand up for the symbols and the reality of fair trade without being isolationist or protectionist.

I would like to run through a series of charts and talk about where we are.

The first chart is a chart which talks about the trade deficit and the Federal budget deficit. Actually, this is the Federal budget deficit that is listed both by the President and by the Congress. The budget deficit actually is higher than this because this includes the Social Security revenues. Yet, they advertise the budget deficit as \$164 billion last year. The merchandise trade deficit is \$174 billion. Our total trade deficit is slightly lower than that. The merchandise trade deficit to me represents the important aspect because it is what we produce and what we manufacture. This critical sector of our economy has a \$174 billion trade deficit.

We cannot solve the problems of the budget deficit or the trade deficit without understanding how they relate to each other and how they relate to our national economy.

Both of the deficits undermine our country's economy. The budget deficit does. And, so does the merchandise trade deficit. Both are economic warning flags that our country needs to do a better job in growing our national economy. Both mean we have to give special attention to our wage base and to our productive sector.

We had a budget deficit—which is really not measured appropriately—of \$290 billion in 1992. That is down to \$164 billion now under this measurement. But the merchandise trade deficit at the same time is going up. It is up to \$174 billion.

Now, that represents a loss of jobs and a loss of production facilities in our country. I noticed in the article today, the trade officials said, "Well, gee. We exceeded all previous years in our exports of goods from our country." Yes, that is true. We also exceeded all previous years and previous expectations of the import of manufactured goods into our country. The imported goods we bring in that are manufactured in other places around the world represents nearly one-half of what we manufacture in America today.

Let me go to another chart that deals with our trade deficits. Again, no one wants to talk about this. Nobody will talk about it. Nobody comes to the Senate floor and talks about trade very much.

These red lines represent America's trade deficit. These red lines represent the choking of enterprise in this country and represent the movement of jobs elsewhere.

This is the second straight year of records in trade deficits. It was not too long ago when we would have trade deficits of \$5 or \$10 billion in a year. At that time back in the 1970's we had Members of Congress, including some chairmen of committees, talking about emergency legislation to impose tariffs on this and that and the other thing. Now our trade deficit is burgeoning and nobody seems to care at all.

Well, the simple fact is that these red lines mean American jobs and American factories are moving outside our country. They are moving from America to other countries.

There are a lot of reasons for this. Some of them are probably our fault but most of the trade deficits that we experience are not. If you would look at this chart which shows the countries with which we have the largest trade deficits.

First, there is Japan. We have nearly a \$60 billion trade deficit with Japan. This has been going on year after year after year. I am going to come to the floor and make a special presentation just on our trade deficit with Japan.

Some say, "Well, we have to be more competitive." Competitive how? How can you compete if you cannot get into a market? It is unforgivable for us to not do something to bring this trade imbalance down. We ought to have balanced trade to Japan. We ought not have a \$60 billion deficit.

With China we have a \$34 billion trade deficit. And, it is ratcheting up year after year after year. Our country is a virtual cash cow for Chinese hard currency needs. Because of these trade deficits, it means jobs are leaving America and being displaced by imports from Japan and China.

With Canada we have an \$18 billion trade deficit. With Mexico it is \$15 billion. That is a combined trade deficit of over \$30 billion with our neighbors with whom we have an agreement called the North American Free-Trade Agreement [NAFTA]. And that trade is moving in the wrong direction, too. It has been spiking way up.

In fact 2 years ago we had a \$1 billion trade surplus with Mexico. Now it is a \$15 billion trade deficit with Mexico. Can anyone reasonably stand and say that this makes sense? First, we pass NAFTA. Then, we go from a trade surplus of \$1 billion to a trade deficit of \$15 billion.

Then there is Germany with which we have a \$15 billion trade deficit.

You can see what is happening with these trade deficits. I intend to come to the floor of the Senate and talk about each of these countries. We need to discuss our trade situation with Japan, with China, and the combined deficit with Canada and Mexico. We need to discuss what causes it, and what we can do to deal with it. We ought to

have balanced trade. We ought to have aggressive and robust trade between our countries. I would never suggest that we put walls around our borders or that we would in any way decide that we will not compete. But, I am sick and tired of people suggesting that those of us who are concerned about our trade deficit are somehow protectionists who are not interested in the well-being of our country or who want to put a wall around our country.

That is not the case at all. What I want is to stop having our producers have their arms tied behind their backs when they are competing in other countries.

Let me talk just for a moment about what these trade deficits mean. The common denominator is that every \$1 billion in exports means 20,000 new jobs in America. You can also compute that to the displacement of exports by imports coming in. What does it mean when goods are manufactured elsewhere and are no longer manufactured here?

Our merchandise trade deficit this year means a loss of 3.5 million jobs in this country. Most of these are manufacturing jobs, and most of these manufacturing jobs are the better paying jobs in this country. Just the increase in the trade deficit from 1994 to 1995 is a loss of 166,000 jobs. That is just the increase.

Now, we can see a lot of press reports and a lot of newspapers talk about how many jobs exports create. But, have you seen a press report that talks about losing 166,000 jobs just because of the increase in the trade deficit this year versus last? I do not think so. You do not see many reports about this problem.

Yet, this is a problem that relates to every family in this country. These families sit around their dinner tables and ask themselves whether life is better or is it tougher. And what they say in 60 percent of the American families these days is that they are working harder. If you adjust for inflation they make less money than they made 20 years ago, and they have less job security.

The anxiety in this country is not misplaced. People know. People know why they are anxious. They are anxious because they see jobs leaving and they see their opportunities here to be less secure. The jobs they have had for 20 years with the same company are less secure. They know that they work harder. Their families have not kept pace with inflation and they are actually making less money. Is there any doubt about the reason that workers in this country are angry?

What do we do about that? Well, what we do is decide that this country cannot do what it did 30 years ago when our trade policy was foreign policy. I grew up in a very small town. Every day when I went to school. I walked to school and understood just viscerally that America was the biggest, the best, the strongest, the most,

and we could beat most any economy in international trade with one hand tied behind our back.

That is not true anymore. Today we face shrewd, tough international economic competitors. We ought to face them in fair competition. I do not mind that. We can win that competition.

But, we cannot win competition with Japan when their markets are closed to our goods. We cannot win in competition with China when they do not see and understand that when they ship all their goods to us, they have a reciprocal responsibility to buy their major supply of wheat from us. It does not make any sense to me, when I look at these trade relationships.

Somehow, I think the construction of our trade policy is for large corporations who no longer say the Pledge of Allegiance, and do not sing the national anthem. By American law they are artificial people. They can sue and be sued. They can contract and be contracted with. And, God bless them, they have created a lot of wonderful things in our country.

Today many of them see their role other than as an American corporation. They, with others, are now economic international conglomerates interested in profits. What they decided to do is to construct a new economic model. That model says, let us produce our goods where we pay 14 cents an hour to a 14-year-old worker, 14 hours a day, and ship them to Fargo or Tulsa or Cheyenne and have an American customer buy them.

That may sound good because in the short term, it might give the customers a good deal. But what it really means in the short, intermediate and long term is that jobs that were producing in this country are now in Indonesia, Malaysia, Taiwan, Sri Lanka, Bangladesh and China, and all around the world.

The American consumer also plays a role in this. All of us have people come up to us who are wearing shirts made in China, shoes made in Italy, shorts made in Mexico, driving cars made in Japan and watching television sets made in Taiwan, and ask us, "When are you going to do something about these jobs in America? Why are so many jobs leaving our country?" Well the answer is because we have circumstances of trade that allow our market to be wide open to virtually anyone in the world who wants to produce under any set of circumstances.

We fought for 75 years on the question of what is a living wage and what is a fair wage. What about safety in the workplace? What about child labor laws? Some corporations have decided we can eclipse all of those meddlesome issues with one hop. We can avoid all the questions of hiring 12-year-olds by producing in some country that allows it. We can avoid all the problems of not being able to pollute the air and water in the United States by going to produce in a country where you can pollute the air and the water.

We can resolve all the questions of what is a living wage by deciding not to pay a living wage in some other country where the political leadership does not care. You can hire 14-year-olds and you can pay them 14 cents an hour. That is not, under any standard, fair trade, and it should not be allowed.

The production from those circumstances of trade ought never come into this country. They should compete with American men and women, working day after day in factories in this country, who expect to compete but expect the competition to be fair.

My intention in the coming weeks is to make a series of presentations about where we are in international trade and what we ought to be doing about it.

First on the agenda that we ought to have is to hold NAFTA accountable to its promises. You cannot pass a trade agreement that had bountiful promises of massive new jobs only to discover that we have lost a massive amount of jobs in our country—and then say, oh, that did not matter. It does matter. Let us make sure these trade agreements are made accountable. If they are not, let us change them.

Second, let us at least stop subsidizing plants that close in this country and move overseas. We had one vote on that last year. I offered an amendment. It was voted down. I tell you it does not require much thinking to understand that if you do not stop the bleeding, you cannot save the patient.

No country ever ought to have a circumstance in which their tax code says, "We'll give you a good deal. If you stay here, you'll pay taxes, but if you close your plant, fire your workers, and move your jobs overseas, guess what, we'll give you a tax break, we'll give you a big, juicy tax break; \$300 million, \$400 million a year we'll give you to do that. Close your American plant and move it overseas."

If we cannot shut that insidious provision in our Tax Code down, there is something wrong with us. I am going to give everybody in this Chamber a chance to vote on this a dozen more times until we get it passed. I hope we can do it on a bipartisan basis.

Let us enforce existing trade agreements. Let us stop the dumping of products into this country that, by their cost, drive American producers out of business.

It is sad that we do not stand up for this country's economic interests. That has been true of Republican administrations and Democratic administrations. It has been true for 20 to 30 years.

Let us stand up for this country's economic interest to say that fair trade must be enforced. Let us enforce trade rules.

Let us develop a national trade deficit focus. Yes, let us worry about the budget deficit and let us together solve that problem. But also let us together in the coming months decide the trade

deficit is a serious national problem that erodes the economic strength of this country. Let us get together and decide to do something about it.

Let us organize a worldwide conference to decide it is time for a new Bretton Woods Conference and talk about the new financial markets and the new trade relationships that will take us into the next century. Let us be frank. We cannot afford what has happened in the last 50 years.

Let me show you the final two charts. This chart shows that foreign imports now take over one-half of the manufacturing gross domestic product in this country. That is a very serious problem. If you do not have a strong manufacturing base, you will not long have a strong economy in a country like ours.

Second, let me show you this chart. If anyone doubts the problem, let me show you a chart that shows the 50 years post Second World War.

In the first 25 years, as I said, we could compete with one hand tied behind our back. Our trade policy was foreign policy. Everybody knew it, everybody understood it, and everybody accepted it. In the last 25 years our competitors have been tough, shrewd, and often they have beaten us to the punch.

Yes we still have a trade policy that is first a foreign policy. It is one that too often is a giveaway of American jobs to other countries. And you see what has happened. While we have a trade deficit, the other countries have a surplus.

This chart simply shows that Japan, Germany, and other countries in the last 25 years have a surplus and the United States has a deficit.

How do American workers feel about this? They had enormous wage gains in the first 25 years, post Second World War. In the last 25 years they have suffered wage losses. And it is because of this. This is something we can address and fix.

I, Mr. President, appreciate your indulgence and the indulgence of my colleagues. I intend to come to the floor in the coming weeks with four additional presentations, the deficit with Japan, China, Canada, Mexico, and Germany. I will discuss what it is, what we can do about it, and what does this country have a responsibility to do to address these issues?

Mr. President, I appreciate the indulgence of the Chair, and I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Wyoming.

Mr. THOMAS. Mr. President, I would like to speak in morning business.

The PRESIDING OFFICER. The Senator from Wyoming is advised we are in a period of morning business until noon. The Senator shall have 5 minutes to speak.

Mr. THOMAS. Thank you, Mr. President.

Mr. President, I was interested in our colleague's remarks. Certainly he talks

about a very important issue. There are a number of things we need to consider. One of them, of course, is what we continue to do to make business more and more expensive in this country making it more and more difficult for us to compete.

#### AGENDA FOR THE NEW YEAR

Mr. THOMAS. Mr. President, I want to talk more specifically about this coming year, and, frankly, some about the past year, this coming year in terms of the agenda that is set for this country, the agenda that is set for this Congress, more specifically for the Senate, the agenda that is set for the American people and the things that need to be a priority for us as we move forward in this important, important year.

Last year, we talked about a number of things. We talked about a number of issues, largely as a result of, I think, what the voters had said to us in 1994. They said the Federal Government is too large, it costs too much, and we are overregulated. Obviously, that is a simplistic analysis, but I think it is true. I just spent 2 weeks in my State of Wyoming, as you have, Mr. President, and I think that message continues to resonate.

We are talking about doing things that are important for American families. We are talking about doing things that will help bring up the wages and the level of living of Americans, which has slowed. We are talking about balancing the budget, because balancing the budget is the moral and fiscal thing to do, it is the responsible thing to do, but it also has results. It lowers interest rates. It helps create jobs, so it has an impact on each of us.

We are talking about reducing spending. Certainly, most everyone would agree that this Government has expanded far beyond what we ever thought it would. We celebrated Abraham Lincoln's birthday over the last several weeks. One of the things that President Lincoln said is that the Federal Government ought to do for the people those things they cannot better do for themselves in their own communities, and that is still true. We need to evaluate what we do and see if we have gotten away from that concept.

We need to talk about regulatory reform. The Senator from North Dakota was talking about the difficulty of competing in the world. Part of that is because we have made doing business so very expensive. It is not that we want to do away with regulatory protection—we can do that—but we can do it much more efficiently and do it in less costly ways.

We need to talk about welfare reform, partly because of the costs, partly because all of us want to help people who need help, but we want to help them help themselves and do it in the most efficient way that we can.

So, Mr. President, I guess what I am saying is that those concepts still